



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

April 13, 2004

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

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MICHAEL D. ANTONOVICH
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
1975 NORTH LONG BEACH BOULEVARD, LONG BEACH
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached ten-year Lease with Gage Plaza Associates (Landlord), for the occupancy of 32,000 rentable square feet of office and clinic space for the Department of Mental Health (DMH) at 1975 North Long Beach Boulevard, Long Beach, at a maximum initial annual rental cost of \$539,685, which will be fully funded by State and Federal sources.
2. Find that the Lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r of the Environmental Document Reporting Procedures (EDRP) and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO) and DMH to implement the project. The Lease will be effective on July 1, 2004.

The Honorable Board of Supervisors
April 13, 2004
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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to enter into a lease which allows DMH to continue occupying the subject facility for a new, ten-year term. DMH has operated its Long Beach Family Mental Health Center at the subject facility since November 1993. The current lease expired on October 31, 2003 and DMH continues to occupy the facility on a holdover basis at the current monthly rent of \$37,011, until June 30, 2004. The proposed lease will take effect on July 1, 2004.

The facility houses three programs and approximately 129 full-time employees who provide adolescent and adult mental health therapy and rehabilitation services for the residents of Long Beach. The Adult Program serves approximately 2,600 clients, and has a staff of 63. The Asian-Pacific Program serves the cultural and linguistic needs of Asian-Pacific adolescents and adults comprising a caseload of 800 clients, along with a staff of 32. The Child Program serves approximately 500 clients, and has a staff of 34.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we enhance the productivity of the County workforce through improvement of the workplace environment and strengthen the County's fiscal capacity (Goal 2, Strategy 2, and Goal 4). In this case, the proposed lease will provide housing for State and Federally funded programs providing services to the community in a fiscally responsible manner, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial annual rental cost will be \$539,685. The rent will be subject to an annual adjustment based on the Consumer Price Index not to exceed five percent.

1975 Long Beach Blvd.	Existing Lease	Proposed Re-Lease	Change
Area (Square Feet)	32,000	32,000	None.
Term (Years)	10Years; 11/1/93 to10/31/03 Month-to-month since 11/1/03.	10 years; 7/1/04 to 6/30/14	None.
Annual Rent*	\$444,132 (\$13.88/sq.ft.)	\$487,680 (\$15.24/sq.ft.)	+ \$43,548
Base Tenant Improvement (TI) Allowance	\$600,000 (\$18.75/sq.ft.)	\$192,000 (\$6.00/sq.ft.)	- \$408,000
Additional Tenant Improvement (TI) Allowance	\$100,000 (\$3.12/sq.ft.)	\$320,000 (\$10/sq.ft.)	+ \$220,000
Maximum Annual Rent**	\$444,132 (\$13.88/sq.ft.)	\$539,685 (\$16.87/sq.ft.)	+ \$95,553
Cancellation	None.	At the 7 th , 8 th and 9 th anniversary date, upon 90 days' notice.	At 7 th , 8 th and 9 th year, upon 90 days' notice.
Option to Renew	One 5-year option.	One 5-year option.	None.
Parking (included in Rent)	76 spaces	76 spaces	None.
Annual CPI Adjustment	Yes, 4% cap	Yes, 5% cap	+1%

*The rate is on a modified full service basis excluding utility costs, estimated at \$2.34 per square foot per year.

**\$320,000 represents the maximum amount of additional TI funds available for this project. This amount equates to an additional \$52,005 per year or \$1.63 per square foot per year in rent if the entire amount is expended and amortized over 9 years at the maximum rate of 9 percent.

Sufficient funding for the proposed lease cost will be included in the 2004-05 Rent Expense Budget and will be billed back to DMH. DMH will have sufficient funds in its 2004-05 operating budget to cover the projected lease costs. The costs associated with the proposed lease are fully funded through a combination of Federal and State funds, including Sales Tax Realignment Revenue.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed ten-year lease agreement comprises 32,000 rentable square feet of office and clinic space, along with 76 parking spaces. The subject facility is located on a major public transportation corridor. The MTA Blue Line Train and several MTA bus routes are available to clients frequenting the Long Beach Family Mental Health Center.

The lease also contains the following provisions:

- The term commences on July 1, 2004 and terminates on June 30, 2014.
- Modified full-service whereby the Landlord is responsible for all operating costs associated with the County's tenancy, except utilities. This provision is consistent with the existing lease.
- A cancellation provision allowing the County to cancel at the seventh, eighth and ninth anniversary date upon 90 days' advance notice to Landlord.
- A base Tenant Improvement (TI) allowance in the amount \$192,000 is included in the rent.
- A reimbursable TI allowance, in the amount of \$320,000, payable via lump sum or monthly amortization payments over the remaining term of the lease after substantial completion of the TI work, at an interest rate equivalent to the Landlord's cost of funds, not to exceed nine percent.
- All TI work will be performed after lease commencement and within the initial year of the Lease Term in a manner that shall minimize disruption to current operations. Plans and specifications for the TI work are currently in the design stage.
- A deferred maintenance provision requiring the landlord to paint the external walls of the facility at its sole expense.

The Honorable Board of Supervisors
April 13, 2004
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- An option to renew this lease for an additional five-year period, subject to Board approval, by giving Landlord 120 days' prior written notice. The existing terms of the Lease will prevail in the event the County exercises the renewal options.
- On-site parking for 76 vehicles included in the rent. A license renewal will be executed with a different landlord, after this lease is executed, for 44 off-site parking spaces located at 1945 Palmer Court, Long Beach to accommodate staff and visitors.

CAO Real Estate staff surveyed the Long Beach area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed areas that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the search areas for these programs. There are no County-owned or leased facilities available for this program.

Based upon a survey of similar properties within the specified area, staff has determined that base rental range including parking for a modified full-service lease is between \$15.00 and \$18.00 per square foot per year. Thus, the proposed base annual rent of \$15.24 per square foot is at the low-end of the rental range.

The Department of Public Works has inspected the subject facility and found it suitable for the County's occupancy under a lease.

The proposed Lease was submitted for review to your Board appointed Real Estate Management Commission on March 17, 2004. After careful review, the Commissioners approved the proposed lease.

There is no space available at the site for a child care facility.

The Honorable Board of Supervisors
April 13, 2004
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ENVIRONMENTAL DOCUMENTATION

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the EDRP and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

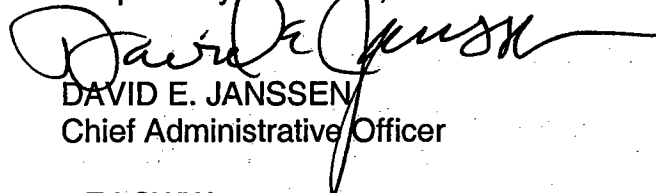
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will continue to provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs in this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:KW:hd

Attachments (3)

c: County Counsel
Department of Mental Health

DEPARTMENT OF MENTAL HEALTH
1975 NORTH LONG BEACH BOULEVARD, LONG BEACH
 Asset Management Principles Compliance Form¹

1.	Occupancy	Yes	No	N/A
A	Does lease consolidate administrative functions? ² Administrative functions will remain centralized at DMH Headquarters.			X
B	Does lease co-locate with other functions to better serve clients? ² The department has requested to remain at this facility due to budget constraints and the cost of moving to a new facility.		X	
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the clinic guideline of 250 sf of space per person? ²	X		
2.	Capital			
A	Should program be in leased space to maximize State/Federal funding?		X	
B	If not, is this a long term County program?	X		
C	Is it a net County cost (NCC) program? 0.00%		X	
D	If yes to 2 B or C; capital lease or operating lease with an option?		X	
E	If no, are there any suitable County-owned facilities available?		X	
F	If yes, why is lease being recommended over occupancy in County-owned ?			X
G	Is Building Description Report attached as Attachment B?	X		
H	Was build-to-suit or capital project considered? Budget constraints prohibited the consideration of a build- to- suit or capital project.		X	
3.	Portfolio Management			
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal, was co-location with other County departments considered ?	X		
D	Why was this program not co-located?			
	1. The program clientele requires a "stand alone" facility.			
	2. X No suitable County occupied properties in project area.			
	3. No County-owned facilities available for the project.			
	4. Could not get City clearance or approval.			
	5. The Program is being co-located.			
E	Is lease a full service lease? County is responsible for all utility costs.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not? Please bold any written responses			

ATTACHMENT "B"

**SPACE SEARCH, CITY OF LONG BEACH
DMH – LONG BEACH FAMILY MENTAL HEALTH CENTER**

LACO	FACILITY NAME	ADDRESS	GROSS SQ. FT.	NET SQ. FT.	OWNERSHIP	AVAILABLE SQ. FT.
A479	DA - Oceangate Tower	100 Oceangate, Long Beach 90802	10,932	10,385	Leased	None
Y482	DHS – Health Center	1333 Chestnut Ave, Long Beach 90813	82,155	26,131	Financed	None
B265	DHS – Family Intervention	2651 Elm Ave, Long Beach 90806	500	500	Gratis Use	None
6672	Sheriff – Aero Bureau Hangar	3235 Lakewood Bl., Long Beach 90808	16,805	14,958	Leased	None
4288	Long Beach Courthouse	415 W. Ocean Bl., Long Beach 90802	332,226	132,869	Owned	None
A350	Animal Care Headquarters	5898 Cherry Ave., Long Beach 90808	12,450	9,897	Owned	None
F347	DPW – Flood Control Office	881 Iroquois Ave., Long Beach 90815	700	630	Owned	None

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

DEPARTMENT: Mental Health, as Tenant

LANDLORD: Gage Plaza Associates

[1975 Long Beach Blvd., Long Beach]

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COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into in duplicate original as of the _____ day of _____, 2004 by and between GAGE PLAZA ASSOCIATES ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

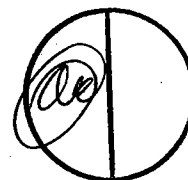
1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- | | |
|---|---|
| (a) <u>Landlord's Address for Notice:</u> | 9301 Wilshire Boulevard. #315
Beverly Hills, CA 90210 |
| (b) <u>Tenant's Address for Notice:</u> | Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012 |

With a copy to:

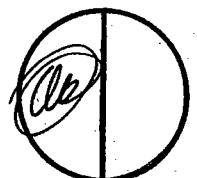
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

- | | |
|----------------------|---|
| (c) <u>Premises:</u> | Tenant and Landlord agreed to 32,000 rentable square feet encompassing the entire Building (defined below) as shown on <u>Exhibit A</u> attached hereto. |
| (d) <u>Building:</u> | The building located at 1975 Long Beach Blvd., Long Beach which is located upon the real property described more particularly in <u>Exhibit B</u> attached hereto (the "Property"); |



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- (e) Term: Ten (10) Years commencing on July 1, 2004; and terminating at midnight on the day before the Tenth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Lease Term" or "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease.
- (f) Option to Renew: Landlord shall provide Tenant with an Option to Renew this Lease for an additional period of five (5) years upon the terms and conditions set forth hereinafter.
- (g) Right of First Offer to Purchase: Landlord shall provide Tenant with a Right of First Offer to Purchase the subject property in its entirety in the event the Landlord places the property for sale upon terms and conditions set forth hereinafter. This Right of First Offer shall be limited to only the original Tenant.
- (h) Commencement Date: July 1, 2004
- (i) Irrevocable Offer Expiration Date: May 15, 2004
- (j) Basic Rent: \$40,640 per month (which is based upon a rental rate of \$1.27 per rentable square foot.
- (k) Early Termination Notice Date: July 1, 2011
- (l) Rentable Square Feet in the Premises: 32,000; Tenant shall continue to rent the entire building and for the purposes of this Lease Agreement, Tenant and Landlord agree that the rentable area shall remain the same as recited in the original ten-year lease dated 12/15/1992.
- (m) Use: General office and outpatient clinic use or for any other lawful purposes not incompatible with other uses in the immediate area.
- (n) Initial Departmental Use: Department of Mental Health
- (o) Parking Spaces: 76



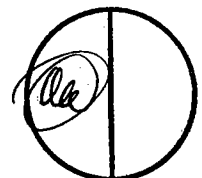
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March 25, 2004
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- (p) Normal Working Hours: 7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
- (q) Asbestos Report: A report dated 1/13/1993 prepared by HV Associates, a licensed California Asbestos contractor. Landlord shall provide an updated asbestos report at the time, immediately prior to any construction of tenant improvements, requested by Tenant.

1.2 Defined Terms Relating to Tenant Improvements

- (a) Base Tenant Improvement Allowance: \$192,000 or Six Dollars (\$6) per rentable square foot.
- The Base Tenant Improvement Allowance shall only be available during the initial twelve (12) months of the Lease Term, and shall be fully expended or exhausted before the Additional Tenant Improvement Allowance funds are available or expended.
- (b) Additional Tenant Improvement Allowance: \$320,000 or Ten Dollars (\$10) per rentable square foot.
- The Additional Tenant Improvement Allowance shall only be available during the initial twelve (12) months of the Lease Term, and shall only be available or expended after the Base Tenant Improvement Allowance funds are fully expended or exhausted. All tenant improvement work shall be designed and constructed as one, linear construction project.



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March 25, 2004
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Landlord shall provide tenant improvements at a maximum cost of Sixteen Dollars (\$16) per rentable square foot. Tenant agrees to reimburse Landlord for tenant improvement costs that exceed Six Dollars (\$6) per rentable square foot in the form of monthly amortization payments which shall be: (1) based on an interest rate equivalent to the Landlord's actual cost of funds, not to exceed the lesser of current market rate of interest or nine percent (9%) per annum, and (2) amortized over the remaining term of the Lease, and (3) added to the Basic Rent.

Tenant and Landlord shall collaborate in the design and construction of such tenant improvements, and landlord's approval of such tenant improvements shall not be unreasonably withheld.

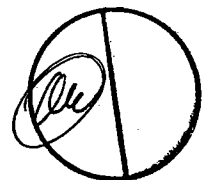
(c) Maximum Change Order Allowance:

\$16,000.

Tenant shall reimburse Landlord for all Change Order costs in a lump sum payment within thirty (30) days of substantial completion.

1.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises
Exhibit B- Legal Description of Property
Exhibit C - HVAC Standards
Exhibit D - Costs of Tenant Improvements
Exhibit E - Cleaning Schedule
Exhibit F - Tenant Estoppel Certificate
Exhibit G - Memorandum of Lease
Exhibit H - Community Business Enterprise Form



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2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

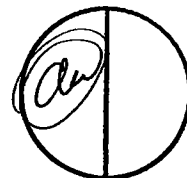
(b) Tenant shall lease the entire building which comprises approximately 36,000 square feet of rentable space, however landlord and tenant have agreed that for the purposes of this lease and agreement the rent shall be based only upon 32,000 square feet.

3. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence on July 1, 2004.

(b) Early Termination. Tenant shall have the right to terminate this Lease at the seventh (7th), eighth (8th) and ninth (9th) anniversary of the Lease Commencement Date as defined in Section 1, by giving Landlord not less than ninety (90) days prior written notice executed by the Chief Administrative Officer of Tenant. In the event Tenant elects to cancel this Lease prior to the termination date, as provided for above, Tenant shall make a lump sum payment to Landlord, within ninety (90) days after giving Landlord written notice of intent to terminate, for any unamortized additional tenant improvement allowance funds due and payable as part of the monthly rent.

(c) Option to Renew. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have the option to renew this Lease for an additional period of Five (5) years under the same terms and conditions except that the rental rate shall be adjusted by negotiation not to exceed the fair market value which Landlord could derive from the demised Premises if they were made available on the open market ("Fair Rental Rate"). The fair rental rate of the demised Premises shall be determined by using the rental rate prevailing for similarly-improved office space within a two (2) mile radius of the demised Premises and subtracting there from that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last twelve (12) months immediately preceding the commencement date of the option term. If similarly-improved office space cannot be found within a two (2) mile radius of the demised Premises, then the search area shall be enlarged to a five (5) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit-worthiness of the tenant, the quality of the project, the nature of the tenant's improvements and any other lease terms having an impact on rental values (such as Tenant's option to expand or purchase). The fair rental survey shall be conducted by the Landlord's appraiser and the Tenant's appraiser, each of which shall be certified and licensed by the State of California. Landlord shall bear the cost of Landlord's appraiser and Tenant shall bear the cost of Tenant's appraiser.



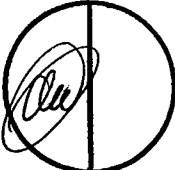
If Landlord and Tenant cannot agree on the Fair Rental Rate ninety (90) days prior to the expiration of the lease term, each shall mutually select a third appraiser who shall also conduct a fair rental appraisal. The third appraiser shall be required to have the same certification and licensing as the first two appraisers. The average of the two (2) appraisals nearest in value shall be the Fair Rental Rate. The cost of the third appraiser shall be borne equally by Landlord and Tenant. In the event the negotiations are not completed prior to the expiration of the Lease Term, Landlord in accordance with the notice requirements set forth in paragraph six (6) HOLDOVER, may give notice to Tenant demanding a rental increase. Once Tenant and Landlord have completed negotiations, for the renewal option period, the landlord demanded month-to-month rental increase shall be adjusted to the actual rent negotiated for the option period within ninety (90) days upon completion of negotiations. In the event Landlord does not request a rental increase, the negotiated new option period rent shall be payable by tenant effective upon the expiration of the initial ten (10) year term herein.

Tenant, by Chief Administrative Office letter, shall notify Landlord in writing not less than 180 days prior to the expiration of the lease term, of Tenant's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

(d) Right of First Offer to Purchase: At any time during the term of this lease or any active option renewal period thereof that Landlord desires to offer the premises, in its entirety, for sale, Landlord shall first notify Tenant, which shall be limited to only the original Tenant named herein, specifically the County of Los Angeles, of such intent, including price, financing, if offered and any other terms in writing and Tenant shall have a period of thirty (30) days from receipt of such notice to offer ("Tenant's Offer") to purchase the premises by delivering written notice ("Tenant's Notice") of such offer to Landlord within such thirty (30) day period. Notwithstanding any other provisions of this paragraph 3(d), Landlord can sell or transfer the premises building to any immediate family member without first offering the building to Tenant.

If Tenant does not make Tenant's Offer by tendering Tenant's Notice to Landlord within said 30-day period, Landlord shall have the right, free of any rights of Tenant under this paragraph, to market and sell the Premises to any third party, provided that a contract to sell the Premises is entered into within six (6) months from the end of said 30-day period. If such contract is not entered into within such six (6) months period, Landlord shall again be obligated to notify Tenant of its intent to offer the Premises for sale and the provisions of this paragraph 3 (d) shall be followed with respect to Landlord's subsequent sale of the Premises.

If Tenant elects to make Tenant's Offer, such offer shall be all cash and contain the price at which Tenant offers to purchase the Premises and other terms and conditions of such proposed purchase, including a closing date not later than ninety (90) days from acceptance of Tenant's offer by Landlord, and shall further state the period of time Tenant's offer shall remain open (the "Offer Period"), but not to exceed six (6) months.



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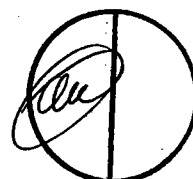
During the Offer Period, Landlord may accept or reject Tenant's offer by delivering written notice ("Landlord's Notice") to Tenant. Until Landlord rejects or is deemed to have rejected Tenant's offer, Landlord may proceed to market and sell the Premises, but shall not sell the Premises to any third party at a price less than set forth in the Tenant's Offer or on payment terms other than all cash, except where any purchase money financing to be provided by Landlord is less than the Purchase Price Differential. As used herein, the "Purchase Price Differential" represents the amount by which the proposed purchase price for the Premises contained in an offer ("Third Party Offer") to purchase the Premises received from a third party during the Offer Period exceeds the proposed purchase price for the Premises contained in Tenant's Offer.

In the event Landlord, in its sole discretion, elects to accept Tenant's Offer, it shall deliver Landlord's Notice to such effect to Tenant prior to the expiration of Tenant's Offer Period. Upon delivery of Landlord's Notice, Tenant's Notice together with Landlord's Notice shall constitute a contract between Tenant and Landlord to purchase and sell the Premises in accordance with the terms of Tenant's offer as set forth in Tenant's Notice.

4. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

(a) CPI. From and after the 1st anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Lease commences.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month the Lease commenced. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.



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(c) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{[Base Index]}} \times \$40,640 \text{ (Basic Rent)}$$

+ Amount needed to amortize Tenant's Additional Tenant Improvements, if any

+ Amount needed to amortize change order costs, if any

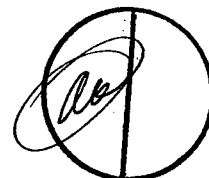
= Monthly Basic Rent

(d) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase greater than 5 percent (5%) per year of the Basic Rent of \$40,640 (i.e. not greater than \$2,032.00 per month, per annual adjustment). In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease.

5. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use, as long as such new use is consistent with general office and/or outpatient treatment use.

6. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon sixty (60) days written notice from Landlord or sixty (60) days written notice from the Chief Administrative Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

7. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.



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8. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenantable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within twenty (20) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenantable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided sufficient insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue within a reasonable period of time said repair and restoration work with reasonable diligence to completion, Tenant may declare a default hereunder and terminate the lease.



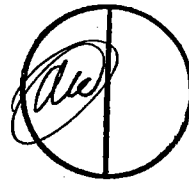
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9. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises; and shall keep the Premises in good condition and repair, reasonable wear and tear excepted.

Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five (5) years of use); (2) interior partitions, unless modular furniture or fixtures are owned by Tenant (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.



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(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property and/or people. Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs in having taken such action. If not reimbursed by Landlord within thirty (30) days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 13.

Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action. If not reimbursed by Landlord within, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work.

10. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

(b) Electricity. Landlord shall furnish to the Premises electric current not less than seven (7) watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

Tenant shall pay when due all metered charges for water, sewer, and effluent treatment, electricity, gas and other lighting, heating, power, and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are prorated or measured by separate meters.

(c) Elevators. Landlord shall furnish passenger elevator services to the Premises during Normal Working Hours.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

11. LANDLORD ACCESS. Tenant shall permit Landlord and its agents free access to the Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenantable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

12. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and is not cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

13. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided herein, Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within thirty (30) days after the giving of written notice to the Landlord and its Lender with respect thereto by Tenant provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, Tenant shall have the right, at its option, with written notice and/or demand to Landlord or its Lender, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease; or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

14. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent: provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which shall clearly demonstrate to be sufficient for it to be responsible for all future obligations under this Lease. Tenant agrees to notify Landlord of any change in tenancy, proposed hypothecations and/or any other transfer of this lease, no less than thirty (30) days prior to any such occurrence.

15. ALTERATIONS AND ADDITIONS.

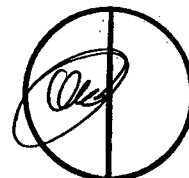
(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld. At the time Landlord gives consent to Tenant for such structural alterations, it shall also notify Tenant in writing as to whether or not Tenant shall be required to remove said structural alterations at the end of the term. Landlord shall be bound to any such notification allowing the structural alterations if Tenant takes actions in reliance thereon.

However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not affect the systems or structure of the Building. Tenant agrees to notify Landlord of any such non-structural alterations, improvements and/or additions no less than thirty (30) days prior to any commencement of such work.

(b) End of Term. Any Tenant-constructed alterations, improvements and additions, as provided for herein, and the installation or placement of fixtures, equipment and all other personal property including any modular furniture, in the affected areas of the Premises shall be removed and restored to the original condition at the Landlord's written request, if written notification requiring removal was given in accordance with subsection (a) above. Landlord's written request shall be delivered to Tenant no later than thirty (30) days prior to the expiration of the Lease term or the anticipated/expressed vacation of the Premises by the Tenant, whichever comes first. Any Tenant constructed alterations, improvements and additions as well as the installation or placement of fixtures, equipment and all other personal property, including any modular furniture, not requested to be removed by Landlord, and not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

16. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.



(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

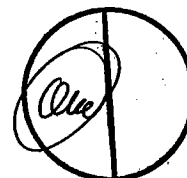
(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if more than twenty percent (20%) of the floor area of the improvements within the Premises and more than twenty percent (20%) of the parking area of the Premises is taken by condemnation. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Landlord shall use the condemnation proceeds that it receives to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure, as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required, and areas not secure, weather-tight, and usable as office space. Failure of Landlord to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for tenant to cancel this Lease by giving Landlord fifteen (15) days advance written notice of such cancellation. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

(e) Award. The Award, (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear and as provided at law.

"Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.



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17. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

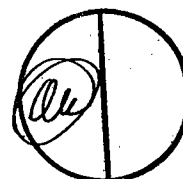
18. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises. .

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.



(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

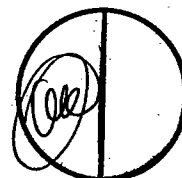
(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder.

19. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant herein in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or (b) Tenant may at its sole discretion secure/rent such lost parking spaces from other landlords/owners in the area, and deduct from the Basic Rent any ongoing rental costs for the number of parking spaces lost or no longer available to the Tenant under this Lease.



20. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.



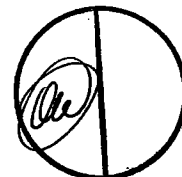
21. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

22. TENANT IMPROVEMENTS. After the Commencement Date, Landlord shall construct Tenant Improvements based on the Tenant's plans and specifications and in the manner set forth herein. Landlord and Tenant shall collaborate in the design of such tenant improvements while taking into consideration factors such as disruption of work, avoiding as much as possible the demolition of bearing and non-bearing walls, as well as avoiding the demolition and relocation of other major building components, and generally preserving, as much as possible, the original interior design intent of the building. All tenant improvement work shall be designed and constructed as one, linear construction project. Landlord shall not unreasonably withhold its approval of Tenant's plans and specifications, so long as it is generally consistent with the foregoing design criteria.

(a) Tenant Improvement Allowance. After receipt of a duly executed copy of this Lease document by Landlord and within ten (10) days of receipt of County-approved preliminary plans and specifications, Landlord will, at its own expense, if needed, cause a licensed California architect to prepare final working drawings and specifications for the proposed interior tenant improvements which are to be provided and completed by Landlord up to a maximum cost of \$192,000 (\$6.00 per square foot). The base tenant improvement allowance shall be available to Tenant during the initial twelve (12) months of the Lease Term.

(b) Additional Tenant Improvement Allowance. In the event the tenant improvement costs exceed \$192,000 (\$6.00 per square foot), Landlord shall provide an additional tenant improvement allowance in the amount of Ten Dollars (\$10.00) per rentable square foot, which shall only be available during the initial twelve (12) months of the Lease Term after the Base Tenant Improvement Allowance funds are fully expended or exhausted.

In the event, actual construction of tenant improvements has commenced, but has not been completed, for whatever reason, during the initial twelve (12) months of the Lease Term, the Base and Additional Tenant Improvement Allowances shall be available to fund the completion of said incomplete work.



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Landlord shall provide tenant improvements at a maximum cost of Sixteen Dollars (\$16) per rentable square foot. Tenant agrees to reimburse Landlord for tenant improvement costs that exceed Six Dollars (\$6) per rentable square foot in the form of monthly amortization payments which shall be: (1) based on an interest rate equivalent to the Landlord's actual cost of funds, not to exceed the lesser of current market rate of interest or nine percent (9%) per annum, and (2) amortized over the remaining term of the Lease, which shall be one hundred twenty (120) months or less, upon substantial completion of the tenant improvements, and (3) added to the Basic Rent.

Tenant may at anytime during the Lease Term pay Landlord in a lump sum for all or any portion of the Additional Tenant Improvement Allowance funds actually expended, and reduce the monthly amortization/rental payments accordingly. Landlord will notify Tenant of the tenant improvement final cost, and the amount payable monthly by Tenant in addition to the base rent. For purposes of ascertaining the actual cost of said tenant improvements, Landlord shall provide to Tenant, upon acceptance of such improvements by Tenant, which shall not be unreasonably withheld, and/or final sign-off by the City of Long Beach, if such action is required, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "D" with the right to audit these costs for a period of Twenty-four months from the lease commencement date. In the event Tenant requests a rent reduction due to its audit of these costs, Tenant shall provide Landlord with a copy of the audit summary as part of its request.

The construction drawings are to be prepared in accordance with County-approved preliminary plans and specifications. Landlord shall provide any final working drawings required from said preliminary plans with Tenant having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Landlord shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements on an AUTO CAD DFX File, together with the existing plans, if any, showing the locations of any underground utility lines and their depths.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Landlord must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Landlord's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Tenant's special requirements shall be included as part of the tenant improvement allowance.



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The Landlord shall submit three bids for the construction of the tenant improvements to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

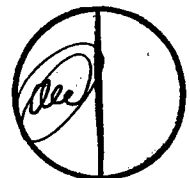
(c) Deferred Maintenance. Landlord agrees to complete the following deferred maintenance work at its sole expense without using any of the tenant improvement allowances. Said deferred maintenance work shall include:

- i. Paint the building exterior walls.

(d) Completion. The parties agree that the estimated time for completion of said tenant improvements is Sixty (60) days from the date of issuance of the building permit, if required. Landlord shall file for a building permit, if needed, to construct the improvements within thirty (30) days of receipt of County-approved preliminary plans and specifications, and diligently pursue to obtain the permit as soon as possible.

Completion may be delayed by:

1. Acts or omissions of Tenant or of any employees or agents of Tenant (including change orders in the work), or
2. Any act of God which Landlord could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Landlord cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Premises.



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(e) Change Orders. All Tenant requested and approved change orders shall not exceed a total cost of Sixteen Thousand Dollars (\$16,000) and Landlord shall not be required to accept any particular change order if the total cost of prior Tenant initiated change orders exceed Sixteen Thousand Dollars (\$16,000). The Chief Administrative Officer is hereby authorized to approve change orders on behalf of Tenant. Tenant shall reimburse Landlord for change order costs in lump sum within thirty (30) days of substantial completion. Landlord, or Landlord's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Tenant shall have the right to audit the cost of the changes for a period of twenty-four months from the date of commencement of the term.

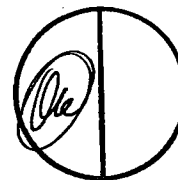
(f) Tenant Remedies. If Landlord fails to obtain the building permit, if required, within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in the subparagraph above, Tenant may, at its option:

1. Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the tenant improvements itself.

If Tenant elects to provide tenant improvements itself, then:

- a. Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the tenant improvements and for any other purposes related thereto
- b. Tenant may invoice Landlord for reimbursement of said tenant improvement costs, limited to the extent and amount of the base and additional tenant improvement allowances as set forth herein. In the event, Landlord does not pay said invoice within thirty (30) days of invoice date, Tenant may deduct such invoiced amount from rents next due.

23. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.



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24. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

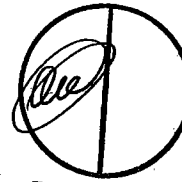
(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to give such mortgagee and/or beneficiary a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional time, equal to tenant's original notice to cure time to landlord, but in no event shall said notice to cure time be less than ten (10) days within which to cure such Default.

25. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant shall remove, at its own expense, tenant constructed alterations, additions and improvements, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture), in accordance with the provisions as set forth in Section 15(b) of this lease.

26. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

27. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.



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28. GENERAL

(e) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(f) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(g) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation.

(h) Entire Agreement. This Lease (and the Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(i) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(j) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(k) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(l) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act.

(m) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(n) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County. Tenant shall notify Landlord, in writing, within thirty (30) days of such document recording and provide Landlord with specific recording information, i.e. date and recording identification number.

29. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by Tenant.

Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegate (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

30. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(o) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(p) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.



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(q) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

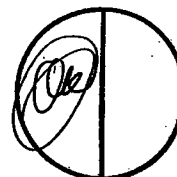
(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

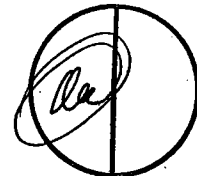
(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.


INITIAL

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

31. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.



INITIAL

IN WITNESS WHEREOF this Lease has been executed the day and year first
above set forth.

LANDLORD:

GAGE PLAZA ASSOCIATES

By: 

Name: Alexander Moradi

Its: Managing Partner

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____

Name: Don Knabe

Chairman, Board of Supervisors

ATTEST:

Violet Varona-Lukens
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

Lloyd W. Pellman
County Counsel


By: 
Deputy: Francis E. Scott

EXHIBIT A
FLOOR PLAN OF PREMISES

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2004, between County of Los Angeles, a body politic and corporate ("Tenant"), and GAGE PLAZA ASSOCIATES, ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 1975 Long Beach Boulevard, Long Beach ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on July 1, 2004 ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on July 1, 2004 ("Commencement Date");
- (4) The Premises contain 32,000 rentable square feet of space; and
- (5) Basic Rent Per Month is \$40,640.00 (\$1.27 per sqft per month).

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 2004.

"Tenant"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

GAGE PLAZA ASSOCIATES

By: _____
Name: _____
Its: _____

EXHIBIT D
HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
- M. Exclusive day porter service from ____ to ____ (if provided by contract).

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

A. Windows washed as required inside and outside but not less frequently than twice annually.

B. All painted wall and door surfaces washed and stains removed.

C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.

B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F
TENANT ESTOPPEL CERTIFICATE

To:
Attn:
Date of Certificate:

Lease Dated: _____
Current Landlord: _____
Located at: 1975 Long Beach Boulevard, Long Beach
Premises: 32,000 rentable square feet
Commencement Date of Term: July 1, 2004
Expiration Date: June 30, 2014
Rent: _____

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

- a. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.
- b. A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, and addenda of and to it) is attached to this Certificate.
 - i. The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above.
 - ii. Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.
- c. The Lease constitutes the entire agreement between Tenant and Landlord, with respect to the Premises, and has not been modified changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.
 - i. To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.
 - ii. The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.
- d. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

Chuck W. West
Director of Real Estate

EXHIBIT G

MEMORANDUM OF LEASE

RECORDING REQUESTED:
THE COUNTY OF LOS ANGELES

WHEN RECORDED MAIL TO:
Chief Administrative Office
Leasing and Space Management
222 South Hill Street, 4th floor
Los Angeles, CA 90012

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between GAGE PLAZA ASSOCIATES (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant have entered into that certain Lease and Agreement dated as of _____, (the "Lease"). Pursuant to the Lease, the Landlord has leased to the Tenant real property located at 1975 Long Beach Blvd., Long Beach, in the County of Los Angeles, State of California, which is currently assessed by the Los Angeles County Assessor as A.P.N. 7209-013-031, commencing on July 1, 2004, and ending on June 30, 2014, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Landlord shall be responsible for providing full services during the term of the Lease, subject to the terms and conditions of the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

LANDLORD

GAGE PLAZA ASSOCIATES

By: _____

Name: _____

Dated: _____, 2004

TENANT:

COUNTY OF LOS ANGELES

Chuck W. West
Director of Real Estate

Dated: _____, 2004

Exhibit H - Community Business Enterprise Form

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

*Corporation, Partnership, etc.

I. MINORITY/WOMEN PARTICIPATION IN FIRM

(Partners, Associates Partners, Managers, Staff, etc.)

OWNERS	PARTNERS	ASSOCIATE PARTNERS	MANAGERS	STAFF	TOTAL
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
TOTAL					
Women*					

*Should be included in counts above and reported separately)

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

OWNERS	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
TOTAL		
Women*		

*Should be included in counts above and reported separately

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

	<u>Yes</u>	<u>No</u>	
<u>State of California?</u>			
<u>City of Los Angeles?</u>			
<u>Federal Government?</u>			

IV. WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

SIGNED:

TITLE:

DATE: